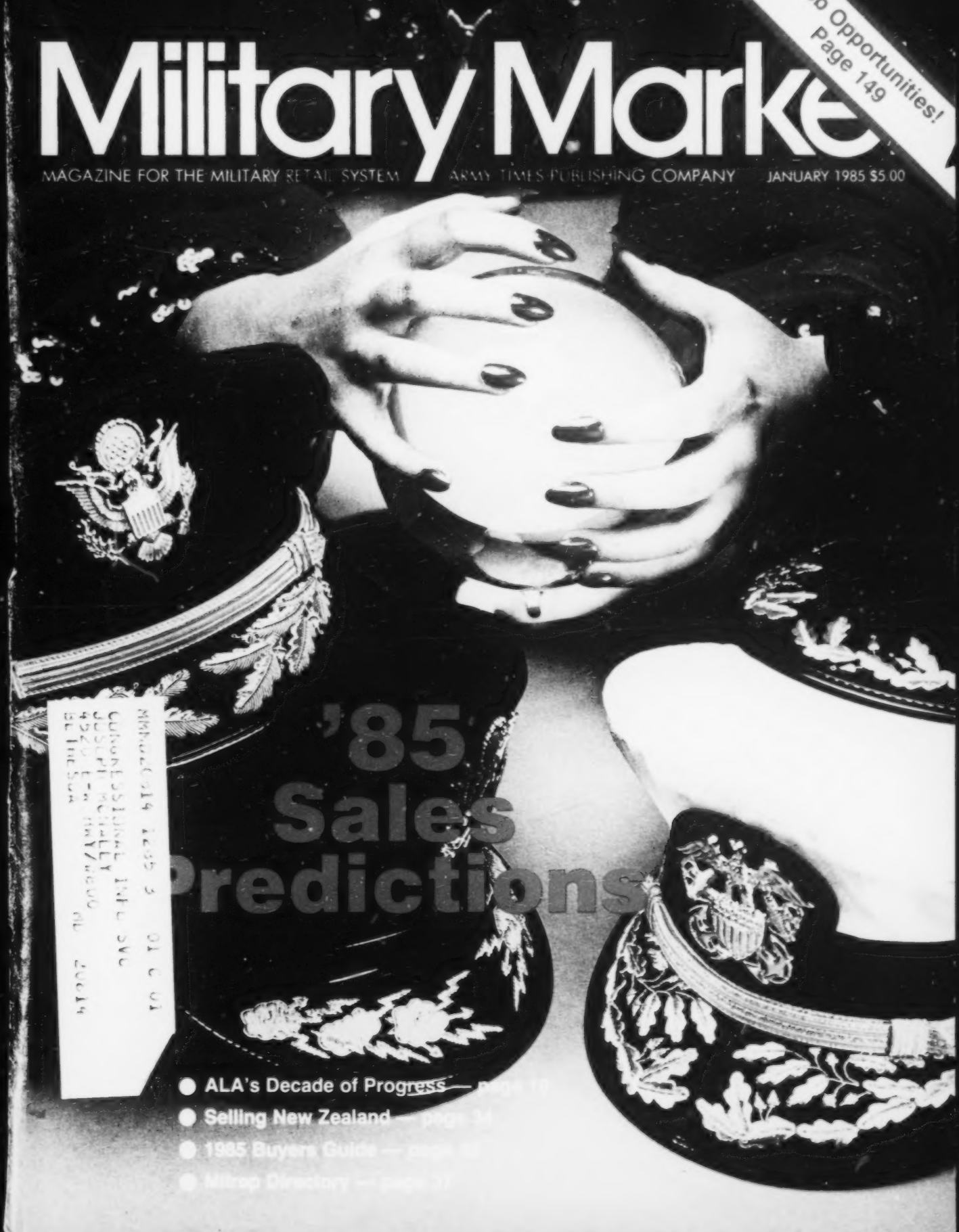
Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY JANUARY 1985 $5.00

Job Opportunities!
Page 149



'85 Sales Predictions

- ALA's Decade of Progress — page 10
- Selling New Zealand — page 14
- 1985 Buyers Guide — page 54
- Mitrap Directory — page 77

Military Market serving the military retail system

JANUARY 1985/VOLUME 36 NO. 1
Army Times Publishing Company
A Division of the Times Journal Company

contents

Editorial Comment 4

Opinion 6

Survey 8

News 9

10 Years of the New ALA 18
10 years ago, the American Logistics Association was bankrupt. Today, the association is flourishing.

Cover Story: Predictions '85 26
The commanders of the resale systems, top officials and members of Congress talk about the future of the commissaries and exchanges.

End of the Pipeline: Christchurch 34
Although sales are down at Det Christchurch, profits are up.

Milrep Directory 37
The Who's Who of the military sales-rep business.

Index to Buyers Guide 42
How to use the Buyers Guide.

1985 Buyers Guide 44
Thousands of companies that sell to the resale systems.

Promos 143

Supplier Notes/Troop Maneuvers 144

Merchandising Bits & Pieces 145

New Products 146

Classifieds — Job opportunities in the resale system 149

Military Market Index 150

Com-Ex Comix/Ad Index 151

Calendar 152

COVER PHOTO BY JOE MATERA
COVER DESIGN BY GARNETT SULLIVAN

CRYSTAL-BALL GAZING: Page 26

PRESIDENT
William F. Donnelly

EXECUTIVE VICE PRESIDENT
Henry L. Belber

SENIOR VICE PRESIDENTS
Donald J. Garyantes
Joseph G. Varga (Advertising)

VICE PRESIDENTS
Michael Bella (Production)
Thomas B. Moore (Circulation)
Robert E. Schweitz (Editorial)

ASSISTANT EDITORIAL DIRECTOR
James Doyle

Copyright Army Times Publishing Co. 1985, Army Times Publishing Co. — Trade Division. The material in this publication is copyrighted and may not be reproduced in whole or part without written permission of the publisher.

EDITOR
Nancy Tucker

MANAGING EDITOR
Guy Lamolinara

ASSOCIATE EDITORS
Jay Blucher, Anne Roketenetz
Kathy A. Thomas

OFFICE MANAGER
Ann Nutt

ATPUBCO NEWS SERVICE
Tom Philpott, Chief; Tom Burgess, Martha Craver, Rick Maze, Paul Smith

STAFF PHOTOGRAPHERS
Joe Matera, Kate Patterson

ART DIRECTOR
Jack Auldridge

STAFF ARTISTS
Matthew Arozian, Garnett Sullivan, Carrie Wall

ADVERTISING MANAGER
Kirk Brown

CIRCULATION
Paul A. Binkowski

ADVERTISING PRODUCTION
Phyllis King

EXECUTIVE OFFICES
6885 Commercial Dr.
Springfield, VA 22159-0210
Phone (703) 750-8676

ADVERTISING SALES OFFICES
1 Citicorp Center
153 E. 53rd St.
New York, NY 10022
Phone (212) 753-1040

ABPI

VBPA

MILITARY MARKET, (USPS 911-680)
Military Market is published 12 times a year by the Army Times Publishing Co., a division of The Times Journal Co., Springfield, VA 22159-0210. Single copies, $2, except January Buyers Guide and July Almanac and Directory issues, $5 each. Yearly subscriptions within the U.S., $20; to civilian addressees outside the U.S., $25. Second class postage paid at Springfield, VA, and additional mailing offices. POSTMASTER: Send address correction to Military Market Magazine, Springfield, VA 22159-0210.

Military Market survey

Milreps Look Ahead to 1985

'The Empires That Be Will Not Change'

MILREPS, FROM THEIR vantage point as middlemen poised between suppliers and the resale systems, offered some candid and refreshing insights into what they see shaping up for 1985. One particularly cynical fellow resignedly told MILITARY MARKET that he did not foresee any significant improvements happening to further his lot in life as a milrep. "I have been in this business for 36 years and have seen very little changes that weren't cosmetic. Nothing ever changes; the empires that be will not change."

Other brokers were more optimistic, however. Several pointed out areas in which significant strides have been made in the last year that have improved commerce for both sides. "I've seen a much greater emphasis on promtional materials from the exchanges. The military is finally coming around to see the importance of POS materials."

Another milrep sees a greater degree of professionalism and knowledge of the market on the part of the buyers. "For a long time, it seemed as if the various buyers were always turning over or moving around. I think they are beginning to stay longer in one position now. The person who buys sporting goods this week won't be buying lingerie the next week . . . and that's encouraging."

Still, there's a lot of room for improvement in the eyes of many milreps. "There's still a certain stigma attached to being a milrep. Regardless of what the general says in his letters, the attitude of several buyers is still the same — there's no need for the milrep. It's as if they refuse to recognize that we fill a very real and necessary function in this business."

A whopping 17 out of the 20 milreps surveyed agreed that the resale systems are gradually phasing out the role of the milrep. "Whether it's a conscious effort on their part or not, really doesn't matter. The point is, this is what is happening; this is what the buyers are telling manufacturers: 'You don't need a milrep to do business with us.' "

One question eliciting total agreement among the milrep crowd was that the commissaries can expect continued pressure to contract out their operations or privatize. Says one, "I think it will go past the testing stage and they will be forced to actually start doing it [contracting out]."

"With the deficit looming so heavily on the horizon, you can be sure there will be intense competition for every appropriated dollar that comes out of the next Congress — and the commissaries need more money every year, " offers another milrep.

All 20 milreps surveyed said they believed the exchanges should honor credit cards. However, the likelihood that the next Congress will aprove credit does not appear very bright in the eyes of most milreps, with 18 of them saying they doubt such a proposal would fly in the climate of this administration. "Look, they're talking about a military pay freeze already, there's no way they're going to approve credit on the heels of a pay freeze."

One idea virtually all the milreps agreed upon is that exchange sales would increase by 10 percent or more if the exchanges were to accept credit cards. Five milreps said they believed sales would increase by at least 15 percent or more.

In general, the milreps were not in favor of daily, direct-store delivery ideas. "Somebody's going to pay the additional costs, and it's not going to be the distributors," grouses one milrep.

Many milreps said they are conscientiously striving toward helping DPSC reach its stated goal of driving down overseas commissary prices. "We're offering more VPRs than ever before; there's a better feeling among the trade that they will be passed along now." Others tell MILITARY MARKET that their firms are watching lot pricing closely to see if it has the desired effect of lowering overseas commissary prices.

Cost-price limitations, as imposed by Congress on the exchanges, are something milreps have just resigned themselves to living with. "It's something we have absolutely no control over. Those are just the rules of the game. Sure, it hurts our business. We could sell more product without those limits, but every game has certain rules you just have to live with." MM

1 — WHAT DO YOU SEE AS THE MOST FRUSTRATING ASPECT OF YOUR JOB IN DEALING WITH THE RESALE SYSTEMS? (See story above.)
2 — WHAT DO YOU PREDICT WILL BE DONE ABOUT IT? (See story above.)
3 — WHAT ASPECT OF DEALING WITH THE RESALE SYSTEMS HAS IMPROVED THE MOST IN THE PAST YEAR? (See story above.)
4 — WHAT'S GOTTEN WORSE? (See story above.)
5 — DO YOU THINK THE RESALE SYSTEMS ARE GRADUALLY PHASING OUT THE ROLE OF THE MILREP? Yes — 17. No — 3.
6 — DO YOU BELIEVE THE EXISTENCE OF COMMISSARIES WILL FACE ADDITIONAL THREATS IN THE COMING YEAR, SUCH AS ADDITIONAL PRESSURES TO CONTRACT OUT THEIR OPERATIONS OR PRIVATIZE? Yes — 20. No — 0.
7 — WHAT WILL YOU DO OR WHAT ARE YOU CURRENTLY DOING TO HELP DPSC ATTAIN ITS STATED GOAL OF LOWERING OVERSEAS COMMISSARY PRICES? (See story above.)
8 — WHAT EFFECTS (NEGATIVE OR POSITIVE) DO YOU PERCEIVE DIRECT-STORE DELIVERY WILL HAVE ON THE WAY YOU DO BUSINESS WITH THE RESALE SYSTEMS? (See story above.)
9 — DO YOU BELIEVE THAT COST-PRICE LIMITATIONS, AS CURRENTLY IMPOSED ON THE EXCHANGES BY CONGRESS, HAVE HINDERED YOUR FIRM FROM SELLING AS MUCH AS YOU WOULD LIKE IN THE STORES? Yes — 16. No — 4.
10 — DO YOU THINK CREDIT CARDS SHOULD BE USED IN THE EXCHANGES? Yes — 20. No — 0.

IF SO, BY HOW MUCH WOULD YOU EXPECT SALES WOULD INCREASE AS A RESULT OF THE USE OF CREDIT CARDS? 0 — 5 percent — 0. 5 — 10 percent — 5. 10 — 15 percent — 10. More than 15 percent — 5.

11 — HOW DO YOU THINK THE ISSUE OF CREDIT CARDS IN THE EXCHANGES WILL FARE IN THE NEXT CONGRESS? Will pass — 0. Will not pass — 20.

Military Market Index

		SEPTEMBER			YEAR-TO-DATE		
Commissaries		**CY 1984**	**CY 1983**	**%**	**CY 1984**	**CY 1983**	**%**
Air Force	CONUS	$143,326	$147,007	-2.50	$1,355,684	$1,314,585	+3.13
	OVERSEAS	29,517	29,047	+1.62	268,148	261,650	+2.48
	TOTAL	**172,843**	**176,054**	**-1.82**	**1,623,832**	**1,576,235**	**+3.02**
Army	CONUS	105,945	105,210	+0.70	955,080	932,072	+2.47
	OVERSEAS	33,390	28,350	+17.78	301,665	293,749	+2.69
	TOTAL	**139,335**	**133,560**	**+4.32**	**1,256,745**	**1,225,821**	**+2.52**
Navy	CONUS	72,205	66,910	+7.91	548,501	496,859	+10.39
	OVERSEAS	8,840	7,832	+12.87	65,151	57,376	+13.55
	TOTAL	**81,045**	**74,742**	**+8.43**	**613,652**	**554,235**	**+10.72**
Marines	CONUS	14,390	12,983	+10.84	118,214	103,061	+14.70
	OVERSEAS	165	203	-18.72	1,903	1,698	+12.07
	TOTAL	**14,555**	**13,186**	**+10.38**	**120,117**	**104,759**	**+14.66**
Coast Guard	CONUS	302	317	-4.73	2,232	2,574	-13.29
	OVERSEAS	296	259	+14.29	2,526	1,675	+50.81
	TOTAL	**598**	**576**	**+3.82**	**4,758**	**4,249**	**+11.98**
All Commissaries	CONUS	336,168	332,427	+1.13	2,979,711	2,849,151	+4.58
	OVERSEAS	72,208	65,691	+9.92	639,393	616,148	+3.77
	TOTAL	**$408,376**	**$398,118**	**+2.58**	**$3,619,104**	**$3,465,299**	**+4.44**
Grocery Stores	U.S.[1]	**$21.451 bil.**	**$20.611 bil.**	**+4.08**	**$191.843 bil.**	**$180.485 bil.**	**+6.29**
Exchanges							
AAFES	CONUS	$239,427	$226,999	+5.47	$2,075,711	$2,026,440	+2.43
	OVERSEAS	150,616	150,038	+0.39	1,388,366	1,364,158	+1.77
	TOTAL	**390,043**	**377,037**	**+3.45**	**3,464,077**	**3,390,598**	**+2.17**
Navy	CONUS[2]	89,635	85,890	+4.36	777,876	755,756	+2.95
	OVERSEAS[2]	36,281	37,257	-2.62	326,494	322,490	+1.24
	TOTAL[2]	**125,916**	**123,147**	**+2.25**	**1,104,370**	**1,078,066**	**+2.44**
Marines	CONUS	27,698	27,996	-1.06	248,613	247,543	+0.43
	OVERSEAS	5,126	3,880	+32.11	43,017	41,562	+3.50
	TOTAL	**32,824**	**31,876**	**+2.97**	**291,630**	**289,105**	**+0.87**
Coast Guard	CONUS[3]	6,165	6,104	+1.00	55,098	53,830	+2.36
	OVERSEAS[3]	841	832	+1.08	7,092	7,340	-3.38
	TOTAL[3]	**7,006**	**6,936**	**+1.01**	**62,190**	**61,170**	**+1.67**
Mail Order	CONUS[4]	848	895	-5.25	10,504	10,007	+4.97
	OVERSEAS[4]	2,613	2,630	-0.65	33,306	32,487	+2.52
	TOTAL[4]	**3,461**	**3,525**	**-1.82**	**43,810**	**42,494**	**+3.10**
All Exchanges	CONUS	363,773	347,884	+4.57	3,167,802	3,093,396	+2.41
	OVERSEAS	195,477	194,637	+0.43	1,798,275	1,768,037	+1.71
	TOTAL	**$559,250**	**$542,521**	**+3.08**	**$4,966,077**	**$4,861,433**	**+2.15**
Department Stores	U.S.[1]	**$10.112 bil.**	**$9.187 bil.**	**+10.07**	**$84.644 bil.**	**$75.804 bil.**	**+11.66**

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ships stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.

Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges, and exchange sales include concession volume.